



SOUTH DAKOTA RETIREMENT SYSTEM - SUPPLEMENTAL RETIREMENT PLAN

IMPORTANT NOTICE: ACTION REQUESTED

The investment alternatives within the South Dakota Retirement System Supplemental Retirement Plan (SDRS-SRP) are chosen by the South Dakota State Investment Officer. A review of the SRP investment options has recently been completed with the goal of providing an assortment of competitively priced funds for all our participants. As a result of this review, there are several investment options that will be added and several funds that are going to be closed. Please review the following information carefully, and if you have any questions, please do not hesitate to contact an SRP Retirement Specialist.

18 New Investment Funds are being added

The South Dakota State Investment Officer has suggested that the following investment funds be added to the South Dakota Retirement System's Supplemental Retirement Plan effective **August 24, 2007**.

3 New Large Cap Equity Funds:

AllianceBernstein Wealth Appreciation Strategy
American Funds Growth Fund of America
Legg Mason Value Trust

2 New Mid Cap Equity Funds

Legg Mason Opportunity Trust
Vanguard Strategic Equity Fund

2 New International/Global Equity Funds

American Funds Capital World Growth & Income
Dodge & Cox International Stock

11 New Vanguard Target Retirement Funds

Vanguard Target Retirement Funds individually invest in up to seven other Vanguard stock, bond, and money market funds. Because they invest in other funds and not individual securities, each Fund is considered a "fund of funds." A fund of funds may charge for its own direct expenses, in addition to bearing a proportionate share of the expenses charged by the underlying funds. The asset allocation of the Vanguard Target Retirement Funds becomes more conservative as the target retirement date draws closer, and hence these funds are best suited for long-term investors.

<u>New Fund Name</u>	<u>Current Age As of 12/31</u>	<u>Years to Retirement</u>
Vanguard Retirement Fund 2050	18 – 24	About 45
Vanguard Retirement Fund 2045	25 – 29	About 40
Vanguard Retirement Fund 2040	30 – 34	About 35
Vanguard Retirement Fund 2035	35 – 39	About 30
Vanguard Retirement Fund 2030	40 – 44	About 25
Vanguard Retirement Fund 2025	45 – 49	About 20
Vanguard Retirement Fund 2020	50 – 54	About 15
Vanguard Retirement Fund 2015	55 – 59	About 10
Vanguard Retirement Fund 2010	60 – 64	About 5
Vanguard Retirement Fund 2005	65 – 70	About 0
Vanguard Retirement Income Fund	In retirement	In retirement

Five Funds being closed

The following investment funds will be closed effective **September 7, 2007**.

Vanguard Life Strategy Growth Fund	Vanguard Growth Index Fund (Admiral)
Vanguard International Growth (Admiral)	Vanguard Life Strategy Moderate Growth Fund
Vanguard Life Strategy Conservative Growth Fund	

Your SRP Account

Our records indicate that you are directing deferrals to or have balances in one or more of the five funds that will be closing on **September 7, 2007**. You have the opportunity to re-direct these deferrals and any balances you may have in the closing funds to different investment options of your choosing or to allow the Plan to automatically transfer your affected funds to a default replacement fund, as indicated below.

Closing Funds

Vanguard Life Strategy Growth Fund
Vanguard Growth Index Fund (Admiral)
Vanguard Life Strategy Conservative Growth Fund
Vanguard Life Strategy Moderate Growth Fund
Vanguard international Growth Fund (Adm)

Default Replacement Funds

Vanguard Retirement Fund that is Age Appropriate*
Vanguard Institutional Index Fund
Vanguard Retirement Fund that is Age Appropriate*
Vanguard Retirement Fund that is Age Appropriate*
Vanguard Total International Stock Index Fund

* Example: The replacement fund for any Vanguard Life Strategy Fund is the Vanguard Retirement Fund that corresponds best to your projected retirement date at age 65.

SRP Account Action

- **You can choose to select different investment funds** as replacements for any closing fund. If you prefer an alternative to the automatic default replacement fund (outlined above), you must make your new selection by **September 6, 2007**. Otherwise,
- **You can do nothing at this time.** If you choose to take no action, any deferrals or balances in the closing funds will automatically be switched to the default replacement funds outlined above. An automatic deferral change will take effect on your next payday after **September 7, 2007**. An automatic transfer of any outstanding balances will be effective **September 7, 2007**.

Change creates opportunity. Ready to take action?

Log on to your User Account at www.srp457.com, or contact one of your local SRP Retirement Specialists. The information you receive is for educational purposes only and not intended as investment advice. To discuss the opportunities these changes bring you, call toll-free 1-800-959-4457 or in Pierre, call 1-605-224-2230.

Remember, investing involves market risks, including possible loss of principal.

International investing involves additional risks, including political instability, currency fluctuations, differences in accounting standards, and foreign regulations.

Some mutual funds may impose a short-term trade fee.

Before investing, carefully consider the fund's investment objectives, risk, charges and expenses. The fund prospectus contains this and other important information. Read the prospectus carefully before investing. The prospectus for each investment fund can be obtained by calling 1-800-959-4457.